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ASX and Media Release

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DRILLING OF NYUNI-2 COMMENCES

Key Petroleum Limited (**ASX:KEY**) ("Key Petroleum") announces the spudding of the Nyuni-2 well, offshore Tanzania, East Africa. The well spudded shortly after midnight on 17 June 2011.

The well is targeting the same Neocomian sandstones which form the reservoirs in the nearby Songo-Songo gas field and in the Company's own Kiliwani North gas field reservoir. An additional target for this well is an Aptian/Albian sandstone reservoir which was logged as gas-bearing in the Nyuni-1 well, which was drilled but not tested in 2004.

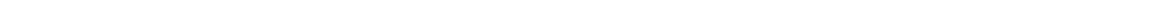
Nyuni-2 is being drilled from a surface location on Nyuni Island, a small island approximately 30 kilometres off the mainland of Tanzania, to the south of the Rufiji River delta. The well is being drilled using the upgraded Caroil-6 land rig. Nyuni-2 is the fourth exploration well to be drilled in the Nyuni block where two of the previous wells have discovered gas in commercial quantities.

The trajectory for Nyuni-2 will be deviated, to the south-east at an angle of 29 degrees from vertical to target a bottom-hole location approximately 1,200 metres away from the island. Total measured depth is likely to be 3,325 metres with a total vertical depth 2,964 metres subsea. It is estimated that drilling to target depth (TD) will take 9-10 weeks.

Significant drilling events at Nyuni-2 will be reported to shareholders when appropriate.

Participants' holdings in the Nyuni PSA are:

Ndovu Resources (Aminex subsidiary)	65% (Operator)
RAK Gas Tanzania Ltd	25%
Key Petroleum Ltd.	5%
Bounty Oil and Gas NL	5%



Company Background:

As well as its Nyuni interests the Company also has an interest in Tanzania in the West Songo Songo offshore exploration permit (50%). The Company owns 100% of the oil production from two onshore oil fields, located in South East England, were it currently produces approximately 80 - 85 barrels of oil per day which is sold into the UK market. It has a 45% interest in the exploration permit EP 437 in the Perth basin in Western Australia where it has participated in the drilling of two wells and is evaluating the results of these wells to determine the forward programme for the block. It has further interests in both on and offshore areas of Italy which it holds 100% and in Suriname, a country in the north of South America, it holds a small free carried interest in 2 onshore blocks where drilling activity has so far determined recoverable oil and development plans are being reviewed by the participants.

Key recently announced it had entered into an agreement with Zeta Petroleum plc, a UK privately held company, to acquire 100% of that company. Zeta has a number of onshore development and exploration gas interests in Romania. Independent expert reports relating to the transaction are currently being prepared and further announcements and timetable for presenting to shareholders and completing the transaction will be made in the near future.

For additional background information please see the Company's website at <http://www.keypetroleum.com> or contact;

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NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Ken Russell, Managing Director/CEO of Key Petroleum Ltd, who has at least 35 years experience in the sector. He consents to that information in the form and context in which it appears.